

803 KAR 30:020. Payment of audit expenses by taxpayer.

RELATES TO: KRS 342.122, 342.1231

STATUTORY AUTHORITY: KRS 342.1223(2)(g), (3)(f), 342.1231(6)

NECESSITY, FUNCTION, AND CONFORMITY: KRS 342.1223(2)(g) requires the Kentucky Workers' Compensation Funding Commission to conduct periodic audits of all entities subject to the special fund assessments imposed by KRS 342.122. KRS 342.1231(6) requires that all expenses incurred by the Kentucky Workers' Compensation Funding Commission in conducting audits shall be paid in accordance with administrative regulations promulgated by the Kentucky Workers' Compensation Fund Commission. This administrative regulation identifies the audit expenses that shall be paid by taxpayers, specifies the manner in which audit expenses will be billed to taxpayers and paid by them, and specifies the procedure by which taxpayers may protest audit expenses billed to them.

Section 1. Definitions. (1) "KWCFC" means the Kentucky Workers' Compensation Funding Commission.

(2) "Taxpayer" is defined by KRS 342.1231(7).

Section 2. (1) All necessary and reasonable expenses incurred by the KWCFC in conducting an audit shall be reimbursed to the KWCFC by the taxpayer audited.

(2) Expenses to be reimbursed shall include the following costs of:

(a) 1. Meals;

2. Lodging;

3. Transportation;

4. Parking; and

5. Incidentals, such as:

a. Paper;

b. Fax;

c. Phone calls;

d. Baggage claims;

e. Tolls;

f. Tips; and

g. Valet services, if necessary; and

(b) Labor spent on audits, including time spent:

1. In advance preparation for the audit;

2. On travel;

3. Finalizing the audit; and

4. Preparing written reports and correspondence to the taxpayer.

Section 3. (1) KWCFC employees shall be reimbursed for all out-of-pocket expenses they incur while conducting audits.

(2) Except for air transportation, meals and mileage, expenses shall be reimbursed at actual cost to employees.

(3) Air fare shall be reimbursed at a rate not to exceed the cost of coach class.

(4) Meals shall be reimbursed at actual cost not to exceed forty-five (45) dollars per day.

(5) Mileage for the use of privately owned auto shall be reimbursed at the rate established in 200 KRS 2:006, Section 7(4)(a).

Section 4. (1) A summarized bill consisting of totals for "labor", "travel" and "all other" expenses

shall be submitted to the taxpayer as soon as practicable after completion of the audit.

(2) An itemized bill shall be available upon request.

(3) The taxpayer shall pay the bill for audit expenses within thirty (30) days of receipt of the summarized bills.

(4)(a) In order to protest the bill or portion thereof, the taxpayer shall pay the bill in full and file a written protest within thirty (30) days of receipt of the summarized bill.

(b) All protests under this section shall be governed by the procedures set out in KRS 342.1231. (19 Ky.R. 2161; Am. 20 Ky.R. 55; eff. 7-12-93; recodified from 200 KAR 19:010, 7-24-95; 34 Ky.R. 1546; 1981; eff. 3-7-2008.)